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Date: March 26, 2018

Re: Public comments received for GCR 17-105: Miscellaneous Services Reimbursement Update, effective January 1, 2018.

Comment:

- How did this become a retro-active policy change back to 1/1/18 before the comment period ends on 1/22/18?

- This proposal was issued on December 28 with no feedback from providers with an effective date of January 1. This change represents a significant rate cut for many items we supply, and we have been given no adequate time to analyze or adjust.

Response:

The Department of Vermont Health Access (DVHA) strives to provide adequate notice of changes to the way services or items are reimbursed. It is also obligated to issue public notice prior to implementation of significant rate changes per federal rules; this means that DVHA cannot apply rates retroactively. Whether a policy is retroactive is not determined by the end of the public comment period, rather the beginning. Please also reference the Provider Manual section, 1.7 Procedure Codes & Pricing, "The DVHA reserves the right to change the price on file for any item or service without prior notice." DVHA is committed to covering the costs of services and items to ensure access to quality care and takes seriously any concerns providers have about reimbursement for services or items whether or not there is an open public comment period.

Comment:

- This new pricing methodology for PAC-I Codes takes all the profitability out of these product lines. DVHA cannot expect providers to supply products with an unreasonable profit margin. This proposed pricing structure averages cost + 16% which does not even begin to cover overhead costs.

- Reimbursing at 60% is inadequate reimbursement. Under the previous reimbursement structure most of the items we supplied were reimbursed at 75% or 80% of our charge. This reimbursement is inadequate and will force us to make decisions on if our how we can supply these items going forward.

Response:
DVHA does not consider profit margin when making changes to rates or methodologies. DVHA strives to ensure that actual costs are being covered and that beneficiaries' needs are met. DVHA will review the DME codes that are assigned PAC I in the future to see if there is an alternative methodology that could be used to ensure cost coverage as Medicare either does not cover or does not provide a rate for these items. The vast majority of DME codes are covered in alignment with the Medicare DME fee schedule, also updated on January 1, 2018. For more information about the new DME methodology, providers can reference the DME final policy here: GCR 17-091.

Comment:

- Reimbursing at a % of charge is a flawed methodology. DVHA currently has a manual pricing method that pays providers at a percentage of MSRP or at a cost plus methodology. This is a sound policy that provides a reasonable reimbursement and allows DVHA to know that they are paying within acceptable reimbursement ranges for codes that have a wide range of costs. These PAC I codes for DME should be either manually priced or a fee schedule should be implemented for the items that don't have a wide range of cost.

Response:
As stated in the previous response, DVHA will review the DME codes that are assigned PAC I in the future to see if there is an alternative methodology that could be used to ensure cost coverage for these items. This would include the possibility of manual pricing or creating an additional methodology beyond the Medicare fee schedule to set a rate for these codes.